create the debits, credits and financial statements reflecting the activities of companies or individuals — consumed a significant portion of accountants’ time. It also meant that the volume of information available to accountants and the ease of accessing and cross-referencing this information was considerably less than it is today.

While the activities of collecting, analysing and communicating financial information remain a cornerstone of the field of accounting, technology has created a quantum shift in how these activities are conducted. With ASX 100 organisations now collecting hundreds of millions of bits of information each year, accountants are rapidly implementing ‘data visualisation’ dashboards to more intuitively manage performance within companies. A small but excellent global example of this ‘data visualisation’ concept is a website titled http://rankandfiled.com. This site takes the SEC filings of the majority of S&P 500 companies in the US and allows easy comparison of dozens of different business metrics in vibrant charts. The accounting profession created the common standards and language enabling these types of comparisons, and technology helped to dramatically improve how these data are communicated and analysed. Technology has clearly been one of the main forces

‘I have no use for bodyguards, but I have very specific use for two highly trained certified public accountants.’ Elvis Presley (1935-1977)

Society’s image of the field of accounting as well as its practitioners is sometimes unkind. At the mention of the word ‘accountant,’ the average layman conjures up mental pictures of a quiet, bespectacled man huddled in a dark room with a calculator and reams of financial information. In decades past, even the contributions of the overall field of accounting were often perceived quite narrowly as revolving around compliance and governance – the internal ‘policemen’ and scorekeepers of the organisations for which these professionals worked.

These images need to be challenged. And so, on a balmy evening in March 2014, accounting professionals from across the country gathered at the University of Melbourne to celebrate some of Australia’s pioneers in the field. Their stories made it abundantly clear that not only are the perceptions of the accounting profession changing dramatically, but also that its contributions are vital to the effective functioning of our society.

An age of change

In the pre-computer age, the manual nature of accounting — that is, all the work required to
transforming accountants from basic scorekeepers into something much more – but it is certainly not the only force driving this change.

The way in which accountants are educated has also undergone considerable change. Early accounting education focused on technical aspects such as the creation and review of transactions in journals, ledgers and, ultimately, financial statements. In the most recent decades however, universities are broadening the training of finance and accounting students. While technical aspects of the field remain a vital foundation, the emergence of case studies and student assignments within industry are giving budding accounting professionals the opportunity to grapple with real-world problems using their skills as toolkits. The focus has shifted from providing scorecards to also providing solutions. Amongst those being honoured at this year’s Australian Accounting Hall of Fame event was Ken Wright. His works, which included the key textbook *Financial Management and Policy in Australia*, were among the harbingers of these important educational changes.

We face an important challenge, however, in educating our Australian youth in the field of accounting. Recent research by Edmund Tadros (2014) published in the *Australian Financial Review* shows that enrolments in accounting degrees in this country continue to grow, having more than doubled in a little over the decade to 2012. Yet further analysis shows that the number of domestic accounting students has fallen by 20 per cent in the same time period. While it is great news that Australia’s universities are sufficiently well-respected that the export of accounting skills is a market which continues to grow robustly, we need to ask why local interest in accounting appears to be on the wane amongst our own youth while it grows elsewhere. I suspect this may still relate to the layman’s incorrect perception of accounting as a staid and narrowly numerate profession. If we are not able to tell the story that accountants have real viable opportunities to become strategic leaders in their organisations should they so choose to do so, then we may fail to excite our youth sufficiently to take up this important calling. Individuals such as Robert Chenhall, who was also honoured with an induction this year into the Accounting Hall of Fame, was a clear international thought leader in how accounting techniques can contribute to effective performance management across all functions in companies as well as to diverse topics such as social capital.

Arguably the most important force for change in the role of accountants has come from industry itself. Relentless efficiency-drives within nearly every organisation mean that professions based on manual and mechanical tasks are disappearing rapidly. In this environment, the accounting professional has survived (and indeed thrived) by moving beyond number-crunching to being a vital provider of insights and even strategic directions. This evolution is evident in Australia where recent data show that nearly 16 per cent of ASX 100 CEOs were formerly Chief Financial Officers – an all-time high. This shift is equally pronounced overseas. Even the majority of accountants who remain on an accounting and finance career path find that their success is now determined more by their broad multi-functional understanding and their ability to drive better organisational decision-making than by their grasp and use of the technical aspects of accounting.

**Societal impacts**

Accountants today face challenges which were not even contemplated decades ago. Take the recent and rapid rise of financial derivatives as an obvious example. These contracts enable multiple parties to take different positions regarding the future values of underlying assets or entities. To the extent that these contracts protect companies against underlying risks in their businesses, derivatives are akin to insurance policies. However, it is the tremendous financial leverage these products create that caused Warren Buffet to refer to them as ‘financial weapons of mass destruction’. Imagine the journey that the field of accounting went through in determining how to treat these instruments from a policy and practice perspective. How should one draw the line between risk management and speculation? How
named Satoshi Nakamoto and introduced to the world as recently as 2009. Bitcoin was one of the first of a breed of virtual currencies which are not backed by any government and have neither central repositories nor issuing authorities. In fact, Bitcoins do not physically exist at all but are instead hosted and tracked in the ether of thousands of personal and business computers which form a massive web confirming each anonymous transaction. It would surprise many to learn that an investment in Bitcoins at their inception has been among the best-returning asset classes in the world over the last decade – but Bitcoins present a whole host of new accounting challenges. How to classify this

should companies represent the possible future impacts of these financial commitments on current profitability, as well as disclosing adequately the inherent risks to stakeholders? How should fiscal authorities understand and tax these instruments? It has fallen squarely to the accounting profession to provide many of these answers.

More recent examples are just as exciting and equally challenging for the field of accounting. The last few years have seen a new breed of ‘crypto-currencies’ rise in the public consciousness. The best known of these is Bitcoin, a digital currency created by a mysterious Japanese programmer
virtual currency? Is it actually a type of currency or merely a virtual tradeable item which can be bought and sold using normal ‘hard’ currencies? With companies from Starbucks to Tesla beginning to accept payments in Bitcoins in some countries, governments have turned to their accounting professionals to understand how to set policies and practices in this nascent virtual currency realm.

**Accounting’s role in beyond crunching numbers**

The state and progress of our society is based in part on the choices we make. Collectively we make millions of them every day. How will I choose to spend my time? Which shirt will I buy? Where will I take my vacation? Where should I invest my savings? Entrepreneurs and those working for companies or public institutions have an equally complex set of choices: which new products shall be offered; how shall they be priced; how to ensure that potential customers are aware of and excited by these products? Finding the nexus between the needs and wants of consumers, and the ability of our institutions and companies to deliver on those wants and needs in a robust and sustainable manner is indeed a delicate balancing act. The accounting profession plays a significant role in striking this balance.
Choice is about selecting something from amongst a number of alternatives. But how can we even compare seemingly disparate alternatives to reach a conclusion? Whether it is a choice of which shirt to offer to customers or bigger decisions such as where to invest funds, accounting creates a common language and analytical framework to enable us to make these comparisons and ultimately to make our choices. While this may seem self-evident for consumer choices such as which product to buy, it is often also true for social choices such as which services governments should provide for their citizens and the most effective way to provide them. The better our institutions become at making choices on how to provide those services, the more of them they are able to provide to the public.

The three Australian Accounting Hall of Fame inductees for 2014 illustrated the current evolution which is slowly transforming the accountant from a technician to a strategic leader. When we gathered to celebrate the three remarkable stories of Robert Chenhall, Ken Wright and pioneering standard-setter John Kenley, their records and those close to them chronicled exploits which spanned decades and contributed in vital ways to the spheres of accounting, academia and industry alike. The evening not only illustrated the successes of these three inductees into the Accounting Hall of Fame, but also showed how their individual achievements had in their own way helped to shape an increasingly important role for the accounting professional within society. This professional evolution from technician to strategic leader is well underway, accompanied by a quantum shift in how society trains its accountants as well as how they are perceived. To entice our youth in the future to take up this important profession, we need to tell the inspirational stories of pioneers such as these and we need to tell them well and often.

References


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